

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

PARIS, MONDAY, JANUARY 12, 1987

ESTABLISHED 1887

The Global Newspaper
Edited and
Published in Paris.
Printed simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague, Marseille, Miami.

No. 32,311 3/87

New U.S.-Contra Ties Reported

Some Arms Said to Move Via Portugal

By Stephen Engelberg
New York Times Service
WASHINGTON — Congressional investigators have uncovered evidence that Lieutenant Colonel Oliver L. North coordinated many arms shipments to the Nicaraguan



Oliver L. North

rebels through Portugal, according to congressional sources. The disclosure calls into question reports of denials by the White House of assertions that Reagan administration officials were denying the congressional ban on direct or indirect aid to the rebels. It comes as details of the unreported Senate intelligence committee report on the Iranian arms effort continue to be made public by both political supporters and opponents of the administration. Congressional investigators said they had uncovered new details about Colonel North's ties to the supposedly private network that was providing military aid to the Nicaraguan rebels. The investigators found that Colonel North, as a member of the National Security Council staff, had been involved in a series of clandestine arms shipments paid for with money that had been funneled through a Panamanian company. They recounted one incident in

CIA May Have Aided Rebels Despite Ban

By James LeMoyné
New York Times Service
WASHINGTON — U.S. Central Intelligence Agency officers in Costa Rica were far more deeply involved than previously acknowledged in advising the Nicaraguan

rebels on military and political strategy last year, according to rebel officers, Costa Rican officials and U.S. congressional aides. According to these sources, who provided names and dates detailing the agency's activities, CIA officers in Costa Rica advised the rebels on military organization and tactics, weapons deliveries and the formation of a new U.S.-backed rebel group. These disclosures throw into question repeated CIA denials over the past year that agency officers had been directly involved in rebel military activities at a time when the law restricted such activities. The officials said that, in addition, senior CIA officers appear to have been closely involved with covert weapons shipments to the rebels, known as contras, that were carried out by American flight crews based in El Salvador. Senator Patrick J. Leahy, a Vermont Democrat who is a member of the Senate intelligence panel, said Saturday that if the CIA engaged in these activities, it would be "a total violation" of the congressional restrictions and "a complete contradiction of the assurances we were getting from the CIA that their people were observing both the letter and the spirit of the law." The congressional restrictions on aid to the contras in effect in 1986 permitted the CIA to pass intelligence information to them, but barred intelligence agencies from spending money on direct or indirect support of paramilitary operations against Nicaragua and from offering military advice or direction. Congress authorized \$27 million for such nonlethal equipment as trucks and helicopters for medical evacuation. Kathy Pherson, a CIA spokeswoman, said the agency had complied with all congressional restrictions on its activities in Central America. Other Reagan administration officials, while declining to comment



Finance Ministers Gerhard Stoltenberg of West Germany, center, and Edouard Balladur of France, right, before the meeting of EC ministers on Sunday in Brussels.

EMS Agreement On Revaluation Reported Near

By Peter Maass
International Herald Tribune
BRUSSELS — European Community finance ministers, seeking to end a monetary crisis, were nearing agreement Sunday on a revaluation of the West German mark and Dutch guilder by 3 percent against the French franc, EC officials said. An accord was being held up by Belgium, Denmark and Ireland. They argued that their currencies should be revalued by 1 percent, EC officials said. Although the talks were reported as tense, the officials believed the standoff would be ended by Monday morning. The French government has steadfastly refused another devaluation, which it judges as economically unnecessary and politically damaging. Observers noted that Paris, buffeted by strikes, could ill afford a franc devaluation. It appeared Sunday night that

Report Is Optimistic on Recovery of Rhine

By Thomas Netter
International Herald Tribune
GENEVA — Two months after a fire and chemical spill in Basel polluted the Rhine River, causing widespread fear that the waterway was ecologically dead, a report says the river may be able to regenerate faster than was believed. The federal institute of Water Planning, Purification and Protection in Dübendorf, near Zurich, which is independent of industry influence, says the river could begin to rebuild its food chain as early as this spring. Other predictions have said that it might take up to 10 years for the river to regenerate fish and water life killed by the Nov. 1 chemical spill during a fire at a warehouse owned by Sanduz A.G., one of Switzerland's largest chemical companies. A step-by-step process involving the growth of microorganisms and plant life, followed by the restocking of fish and eels, could begin to revive the river and rapidly reverse the damage, the report says. "It is not impossible that the regeneration of invertebrates, or spineless microorganisms could begin this spring," said Werner Stumm, chief of the institute's research team. "And with that, the river would again be able to support water life, such as fish." The report, released last week, marked the first optimistic assessment since the spill, which was widely seen as Western Europe's worst ecological disaster in a decade. Water used to put out the fire carried an estimated 30 tons of herbicides, pesticides, fungicides and dyes into the river, coloring it red and killing hundreds of thousands of fish and eels. The incident prompted demands for compensation, both for lost commercial fishing revenues and contaminated water supplies, and has spurred the Swiss government and chemical industry to promise stricter safety procedures and regulations. The new findings have received support from local environmentalists both in and out of government. Basel officials say they also believe the vitally important microbiology of the river has survived, and fishery officials say they believe some fish lived, either in clean pockets of water on the riverbed or in its ports and backwaters. Even so, Mr. Stumm and other experts cautioned that the regeneration of the Rhine was a delicate process that depended on a variety of factors. The river, because of

France would prevail, although the anticipated 3-percent revaluation of the mark was smaller than what some experts had expected. The EC ministers, joined by their central bank governors, decided to meet in emergency session in Brussels after aides failed Saturday to agree on a realignment of the eight currencies in the European Monetary System. The system was established in 1979 to stabilize exchange rates in the EC. The currencies of Britain, Greece, Spain and Portugal are not in the system's exchange-rate mechanism, although ministers from those countries take part in EMS meetings. A realignment has been expected since the French franc began a steep fall last week against the West German mark. The franc's drop came as strikes throughout France shook public confidence, and coincided with speculation in markets by investors fleeing the weakening U.S. dollar. EMS central banks reportedly spent from \$5 billion to \$10 billion last week to keep the French franc and other EMS currencies from falling below their floor levels. The EMS forbids member currencies, except for the Italian lira, from moving more than 2.25 percent above or below set parities. The intervention by the banks accentuated a dispute between Paris and Bonn, with France urging a mark revaluation and West Germany calling for a franc devaluation. See EMS, Page 6

LATE NEWS

Guinness Names New Chairman

LONDON (Reuters) — The British-Irish brewing company Guinness named a new chairman Sunday to take over from Sir James W. Saunders, who stepped aside until the British government completes an inquiry into the company's affairs. Mr. Saunders announced Friday that he would step down during the investigation by the Department of Trade and Industry into Guinness's conduct during its bitterly fought £2.7 billion (\$4 billion) takeover of a Scotch whisky maker, Diageo, last summer. The company said Sir Norman Macfarlane, a Scottish businessman, would serve as chairman of the Guinness board for the time being.

Hu 'Overworked'

BEIJING (AP) — Hu Yaobang, secretary-general of the Chinese Communist Party, is too overworked to meet with visitors, a Japanese politician was told Sunday.

INSIDE TODAY

- A drug shows promise in the battle against AIDS. Page 2.
- The Soviet Union named a new chief negotiator to the Geneva arms talks. Page 3.
- Italy's defense minister feels betrayed over the Iran-contra affair. Insights, Page 5.

BUSINESS/FINANCE



Ted Turner may be negotiating to sell a big piece of his financially troubled Turner Broadcasting System. Page 7.

The British government is considering selling British Rail to the public after the next general election. Page 7.

A conditional agreement has set Australia IV into the defender-finals of the America's Cup competition. Page 13.

TO OUR READERS

The next Personal Investing section will appear in the International Herald Tribune of Monday, Jan. 19.

Cities Hit In Attacks by Iran, Iraq

The Associated Press
NICOSIA — Iran launched missile attacks on Sunday against Baghdad and the southern Iraqi port city of Basra. Iraq said that it countered with a "demonstrative" air strike on the Iranian holy city of Qum. Fierce fighting between ground forces also was reported for the third straight day, and communications from both sides indicated that Iranian forces were still on the offensive near Basra. Tehran Radio, monitored in Nicosia, said that Iranian troops had killed or wounded 14,000 Iraqis and captured 1,000 prisoners of war since the offensive, which Iran has code-named Karbala 5, began Friday.

An Iraqi field commander quoted by Iraq's official news agency said Iran lost 250 tanks in heavy fighting and that Iranian casualties included at least 5,000 dead. The claims could not be substantiated because neither side allows foreign correspondents into the battle zones on a regular basis. Iraq had threatened to launch an offensive to end the six-year war before the Persian year ends in late March. Iran's strategy appeared to be to capture or surround Basra, which is the second-largest city in Iraq, with a population of about one million people.

The Iranian Revolutionary Guards Corps command was quoted in news reports as saying that a surface-to-surface missile was fired early Sunday at Baghdad, hitting Iraq's air force command. Three missiles, believed to be Soviet-made Scud missiles, also were fired at military and economic targets in Basra, Tehran radio said. Iraq confirmed the missile attacks. But a spokesman denied the air headquarters had been hit, saying the missile exploded in a residential area, killing a number of civilians. Iraq reported its planes bombed Qum on Saturday and again on Sunday.

In the southern war front, Iranian forces that crossed the international border early Friday appeared to be holding onto a swath of Iraqi territory.



Broncos Beat Browns in Overtime, Gain Super Bowl

Quarterback John Elway, fleeing the defensive rush of the Cleveland Browns in the first quarter Sunday, led the Denver Broncos on a game-tying 98-yard drive in the fourth quarter of the National Football League contest, then Rich Karis kicked a 33-yard field goal early in overtime for a 23-20 victory that put the Broncos into the Super Bowl for the second time. Page 12.

Grand Jury Subpoenas Marcoses

By George Lardner Jr. and Carlyle Mjry
Washington Post Service
WASHINGTON — Former President Ferdinand E. Marcos of the Philippines and his wife, Imelda, have been subpoenaed by a federal grand jury in Alexandria, Virginia, and are expected to testify, possibly this month, according to sources. The grand jury is investigating alleged kickbacks in U.S.-financed military sales to the Philippines under the Marcos government. Mr. Marcos is tentatively scheduled to go before the grand jury Jan. 22, but a spokesman in Honolulu, where the Marcoses are living in exile, said they have asked for a postponement to avoid the winter cold and to ensure security. "My president is still hoping that the hearing could be moved to another date," said the aide. "It is very, very cold for anyone to go to Washington, D.C."

If a delay is not granted, however, the Marcoses will comply with the subpoena, the spokesman said. The appearance would mark the first time that Mr. Marcos or his wife has been questioned in a criminal investigation since they fled the Philippines in February for asylum in the United States. Federal grand juries in Pittsburgh and San Francisco also have been investigating alleged bribes and misuse of U.S. aid funds during Mr. Marcos's rule.

Mr. Marcos has been questioned about other matters in depositions for pending civil suits, but he has consistently invoked his Fifth Amendment rights against self-incrimination. He cited the amendment nearly 200 times during questioning by attorneys for the Philippine government in September. A federal magistrate in San



PRESIDENT TAKES A BACK SEAT — President Corazon C. Aquino watches as her daughter, Kris, sings at a rally urging ratification of the draft Philippine Constitution. The rally took place in the northern town of Santiago.

Francisco, citing the Alexandria investigation, ruled last month that Mr. Marcos was within his rights in refusing to answer questions because there was "at least the possibility of a prosecution in the United States."

The Alexandria investigation started in mid-1984 but has produced no indictments. Defense Department auditors began by focusing on three California companies that had received contracts to supply communications equipment to the Philippine armed forces. Those contracts were financed by the Pentagon's foreign military sales program. The companies, Anworld, Telecom Satellites of America and Digital Contractors, were set up in 1981 by a Filipino named Raymond Moreno, a close friend of General Fabian C. Ver, former chief of the armed forces. Later, investigators began looking at Pentagon contracts that Mr. Moreno had helped arrange with other U.S. companies. The grand jury is trying to determine whether there were illegal commissions or fraudulent overcharges on more than \$100 million worth of contracts. According to several sources, General Ver, a relative and close associate of Mr. Marcos, is a target of the investigation. General Ver appeared before the panel briefly in March, but he declined to answer questions. Subpoenas appear late last year, he did not appear, and a warrant. See MARCOS, Page 6

Manila is said to be considering barring Citibank over delays in debt talks. Page 7.

One Lesson From Fire Disaster in San Juan: It Could Happen Anywhere

By Jon Nordheimer
New York Times Service
SAN JUAN, Puerto Rico — Special circumstances, including a pile of new furniture, weak safety regulations and a poorly equipped, understrength fire department, helped bring the death toll to 96 in the fire New Year's Eve at the Dupont Plaza Hotel. But safety experts say these factors should not divert Americans from the real lesson to be drawn from the disaster: It could have happened, and might still happen, in any number of public places across the United States. What happened at the Dupont Plaza could be repeated, the experts said, because fire safety regulations in the United States are a patchwork. The National Fire Protection Association, a nonprofit educational group of fire service officials based in Quincy, Massachusetts, publishes fire codes and building standards that serve as models. States, counties and municipalities adopt or revise them as they see fit. Florida, Hawaii and Massachusetts, for example, have recently expanded sprinkler requirements for existing buildings. But because of the costs involved, the codes give older buildings as long as 15 years to comply. New York, New Jersey and

Connecticut are among the few states that have enacted stringent uniform codes. Even where codes are strict, however, enforcement can be spotty. What worries many fire experts the most is the use of plastics and other synthetic materials in furnishings. In hotels like the 'Synthetics are used throughout buildings, and especially in places like expensive resort hotels, and the basic ingredient in them is the same thing they make gasoline from.' — Richard Duffy, fire safety expert

wood, but greasy black smoke from smoldering synthetic materials. "Eighty percent of fire deaths in the United States today are caused by inhalation of toxic by-products," said Richard Duffy, director of health and safety for the International Association of Fire Fighters, a 170,000-member union. "Synthetics are used throughout buildings, and especially in places like expensive resort hotels, and the basic ingredient in them is the same thing they make gasoline from." Investigators now say that many of the 91 victims in the Dupont Plaza's casino died in seconds when intense heat flashed through the room. But the smoke came first, and experts say they believe it killed many persons before they could make their way to safety. In the 1980 MGM Grand Hotel fire in Las Vegas, more than 60 of the 85 deaths were caused by toxic gases. Since then, the fire fighters' union has been trying to persuade local and state governments to require combustion toxicity tests for all synthetic furnishings in public buildings. Design can also pose problems: Fires can find open highways and fresh fuel in the hidden spaces, or plenums, above dropped ceilings. "The more plenum space the greater the hazard," said Stanley M. Chesley of Cincinnati, a lawyer who specializes in

fire-related damage suits. "There is a lot of oxygen in a plenum and fuels like plastic wiring to add to the fire's spread." It has been established that someone started the Dupont Plaza fire in a pile of new, plastic-wrapped furniture in the hotel ballroom, on a lower floor. Mr. Chesley and others say it is likely that toxic smoke, flames and intense heat entered the large plenum between ballroom and casino and then rose within walls and ceiling to encircle the casino before most people realized the peril. In any case, the experts agree, the existence of smoke detectors, automatic sprinklers or a working alarm system probably would have prevented many deaths. Puerto Rico has not amended its fire code since it was adopted in 1963, at about the time the hotel was built. Moreover, fire inspectors complained last week that they have no power to enforce the code in such mainstays of the tourist industry as oceanfront hotels. Also, Puerto Rico's fire department is understaffed and lacks modern equipment, but Mr. Duffy says the deficiencies of the department should not overshadow the lessons to be learned from the intensity and rapid spread of the smoke and fire. "We live in an event-by-event society that waits for a catastrophe before it takes action," he said.

Shultz Says Policy Unchanged On Pretoria Despite Criticism

By David B. Ottaway
Washington Post Service

NAIROBI — Secretary of State George P. Shultz has insisted that the U.S. government's policy of "constructive engagement" with South Africa has not changed despite the imposition last fall of economic sanctions against the white government there.

Mr. Shultz's remarks came at a press conference Saturday in which African reporters bombarded the secretary with sharp questions about U.S. policy toward Africa, including economic aid to sub-Saharan Africa and the administration's support of South African-backed rebels in Angola.

A Kenyan reporter asked Mr. Shultz, who was on the third leg of his tour of six black African nations, whether there was any change in U.S. policy toward Pretoria following the congressionally mandated sanctions imposed in September.

strongly" during their talks Saturday, but he did not elaborate.

On another topic, Mr. Shultz was asked by a Nigerian journalist whether the 34-percent cut in U.S. economic aid to black Africa this year had been dictated by "racism or economics."

The secretary replied by explaining the sharp cutback mandated by Congress in the administration's budget generally and in foreign aid specifically.

Another reporter, a Kenyan, asked why the administration was willing to provide military and other aid to "freedom fighters" opposed to Communism but not those, such as South African blacks, fighting for "human dignity and human rights."

Mr. Shultz did not answer the question directly, but said, "We are

in favor of freedom and human rights and dignity everywhere and we support it where we think it can do some good in a security sense."

Earlier, the Nigerian reporter had also asked Mr. Shultz about U.S. backing for Jonas Savimbi's guerrilla movement fighting in Angola against the Soviet-backed Marxist government.

The policy of secret aid for Mr. Savimbi's National Union for the Total Independence of Angola, adopted by the administration last year, has been bitterly criticized by many black African leaders.

Mr. Shultz told the reporter that the administration supported Mr. Savimbi and others around the world fighting for freedom and independence in their own countries, and he intended to continue that support.



Secretary of State George P. Shultz joining Sunday in a traditional Massai dance at Keekorok Lodge in the Massai Mara game reserve during the U.S. official's visit to Kenya.

WORLD BRIEFS

Guerrillas to Discuss Kabul Truce Bid

ISLAMABAD (Reuters) — Afghan rebel leaders are due to meet Monday to discuss the Kabul government's new peace offer, an official of the main guerrilla alliance said Saturday.

Leaders of the seven parties in the Islamic Union of Mujahidin of Afghanistan will gather in the northwestern Pakistani city of Peshawar, the official said.

Major General Najibullah, the Afghan leader, began an initiative to end the eight-year conflict two weeks ago, offering to talk to the rebels and declaring a cease-fire that is scheduled to begin Thursday. The guerrillas rejected the proposal, but some guerrilla supporters have said it was necessary to give a more substantive response.

Report Assails U.S. Math Curriculum

NEW YORK (AP) — Mathematics pupils in the United States badly trail those in Japan and Hong Kong, largely because of unchallenging and pointlessly repetitious school curriculum, a U.S. study of schools in 18 countries and territories concludes.

"In school mathematics, the United States is an underachieving nation and our curriculum is helping to create a nation of underachievers," said the study, "The Underachieving Curriculum: Assessing U.S. School Mathematics from an International Perspective," which was released Sunday.

The report follows a study, released Jan. 3 by the U.S. education secretary, William J. Bennett, that extolled Japanese elementary and secondary schools. Mr. Bennett suggested that Americans borrow some ideas from Japan, especially the view that "progress can be made by practically anyone who tries hard enough."

Pope Assails Arms Race, Calls for Cuts

ROME (NYT) — Pope John Paul II condemned the arms race Saturday as a fundamental cause of friction between rich and poor countries, and he called on nations to cut their stockpiles of weapons to levels compatible with self-defense.

In his annual New Year's address to diplomats accredited to the Vatican, John Paul also said nations making the "long and difficult" passage from dictatorship to democracy needed encouragement to take the "path of peace."

"Huge military expenditures, he said, look 'dangerous, ruinous and scandalous' to countries that lack essential food and sanitation. The pontiff added: "This is one of the keys to the problems of North-South relations which stem, from an ethical point of view, even more fundamental than those in East-West relations."

U.S., Egypt Differ on Peace Moves

CAIRO (UPI) — Egypt and the United States have differed publicly over the need for an international conference on Middle East peace, with a U.S. diplomat, Richard W. Murphy, calling instead for direct Arab-Israeli negotiations.

Mr. Murphy, an assistant secretary of state, speaking after an hour-long meeting with Foreign Minister Esmat Abdel Meguid, said the United States "did not see value" in a conference involving the five permanent members of the United Nations Security Council. A spokesman for Mr. Abdel Meguid said he called for an "international peace conference as the practical means in whose framework negotiations can be held."

Mr. Murphy previously visited Jordan and Israel for talks on activating the stalled peace effort and restoring U.S. credibility in the Arab world after the U.S. arms-for-hostages deal with Iran.

Chad Reports Clashes With Libyans

NDJAMENA, Chad (AP) — Libyan troops and Chadian forces fought several skirmishes in northern Chad, leaving some Libyan soldiers killed and wounded, the government said Sunday.

A military statement said the clashes occurred Saturday near Yebbi-Bou, east of Bardai near Chad's border with Libya.

Meanwhile, the head of France's armed forces, General Jean-Michel Saurier, ended an evaluation mission to Chad on Sunday and said that there was "unmistakably a new situation" in the Libyan offensive in the north that began last month. The offensive apparently has stalled and government troops have scored some successes, notably the taking of Fada on Jan. 2.

U.S. Marine Linked to Soviet Spying

WASHINGTON (WP) — A U.S. Marine Corps security guard assigned to embassies in Moscow and Vienna is in pre-trial confinement at the Quantico Marine base in Virginia on suspicion of espionage, military officials said.

Sergeant Clayton J. Lonestree, 25, of Chicago, is under investigation for espionage, unauthorized removal and disclosure of classified information and failing to report contacts with citizens of Communist-controlled nations, a Marine spokesman said Saturday.

Sergeant Lonestree allegedly provided secret information to the Soviet Union through a woman believed to be an agent of the KGB, the Soviet secret police and intelligence agency, according to a State Department source who described the activities as "a classic Soviet entrapment case."

For the Record

The last 11 prisoners protesting alleged brutality at Glasgow's high-security Brixton Prison gave themselves up Saturday, a government spokesman said.

Six Italian Radical Party members, including three members of Parliament, were arrested Sunday in Warsaw while demonstrating against Monday's visit to Italy and later the Vatican by the Polish leader, General Wojciech Jaruzelski.

South Africa's population fell 3.3 million to 23.4 million from 1984 to mid-1985, according to a survey by the South African Institute of Race Relations. (AP)

Drug Shows Promise in the Battle Against AIDS

By Lawrence K. Altman
New York Times Service

WASHINGTON — In a six-month study, the drug ribavirin appeared to halt the progression of an early form of infection caused by the AIDS virus, a drug company has announced.

It is the first time that a drug has seemed to prevent acquired immunodeficiency syndrome from developing in patients with early signs of infection with the virus.

But medical experts cautioned against false hopes. "The drug is not a cure for AIDS," Dr. Karl M. Johnson, medical director of the drug company, ICN Pharmaceuticals, of Costa Mesa, California, and other company officials stressed at a news conference Friday.

"It is an important step," Dr. Johnson said in an interview. He added that much more research was needed before it could be determined whether this or any drug would conquer the disease. "It won't surprise me if some people who took ribavirin in the study eventually will come down with AIDS."

Strikes Seen Subsiding In France

PARIS — Strikes among workers in French public services appeared to be winding down Sunday as support for the stoppages waned.

The state-owned railway said 70 percent of scheduled long-distance trains were running and that work had resumed at more than half of the 94 main depots. The unions disputed the figures.

Three unions accepted a pay offer Saturday for workers at the state-owned electricity and gas utilities, where strikes disrupted service last week. Management said it expected there would be no more of the random power cuts that have provoked protests this week by many businesses and private consumers.

In Paris, however, a strike by the workers for the Metro and bus systems only partly entered its seventh day and appeared certain to continue Monday. The systems appeared to be operating at about half their normal capacity on Sunday.

The pro-Socialist French Democratic Labor Confederation, or CFTD, was scheduled to decide Monday whether to join the accord reached by the utilities workers. It called for its members to end their walkout.

The Communist-led General Confederation of Labor, or CGT, said in a statement Sunday that it would not join four other unions in calling for a return to work, but it said that it would turn to other forms of protest rather than cutting power production.

"A cold wave is hitting our country," the statement said. "The CGT considers that the population should not, under the circumstances, be affected by power reductions."

But dissatisfaction among workers in the public sector persisted over the government's policies of limiting wage rises, scaling down the state's participation in industry and introducing more flexible working hours and conditions.

The stoppage on the railways, which began 25 days ago, was strongest in the south, where train drivers in Marseille, Bordeaux, Toulouse and Montpellier voted to extend their action for 24 hours.

The Rally for the Republic and Union for French Democracy parties, which are partners in the conservative government of Prime Minister Jacques Chirac, and the far-right National Front, business organizations and consumer groups planned rallies Monday in Paris and elsewhere to protest the strikes.

Jean-Marie Le Pen, leader of the extreme-right National Front, said Sunday his party's demonstration would be aimed at what he called government laxity in handling the labor unrest.

Strikes Seen Subsiding In France

PARIS — Strikes among workers in French public services appeared to be winding down Sunday as support for the stoppages waned.

The state-owned railway said 70 percent of scheduled long-distance trains were running and that work had resumed at more than half of the 94 main depots. The unions disputed the figures.

Three unions accepted a pay offer Saturday for workers at the state-owned electricity and gas utilities, where strikes disrupted service last week. Management said it expected there would be no more of the random power cuts that have provoked protests this week by many businesses and private consumers.

In Paris, however, a strike by the workers for the Metro and bus systems only partly entered its seventh day and appeared certain to continue Monday. The systems appeared to be operating at about half their normal capacity on Sunday.

The pro-Socialist French Democratic Labor Confederation, or CFTD, was scheduled to decide Monday whether to join the accord reached by the utilities workers. It called for its members to end their walkout.

The Communist-led General Confederation of Labor, or CGT, said in a statement Sunday that it would not join four other unions in calling for a return to work, but it said that it would turn to other forms of protest rather than cutting power production.

"A cold wave is hitting our country," the statement said. "The CGT considers that the population should not, under the circumstances, be affected by power reductions."

But dissatisfaction among workers in the public sector persisted over the government's policies of limiting wage rises, scaling down the state's participation in industry and introducing more flexible working hours and conditions.

The stoppage on the railways, which began 25 days ago, was strongest in the south, where train drivers in Marseille, Bordeaux, Toulouse and Montpellier voted to extend their action for 24 hours.

The Rally for the Republic and Union for French Democracy parties, which are partners in the conservative government of Prime Minister Jacques Chirac, and the far-right National Front, business organizations and consumer groups planned rallies Monday in Paris and elsewhere to protest the strikes.

Jean-Marie Le Pen, leader of the extreme-right National Front, said Sunday his party's demonstration would be aimed at what he called government laxity in handling the labor unrest.

Strikes Seen Subsiding In France

PARIS — Strikes among workers in French public services appeared to be winding down Sunday as support for the stoppages waned.

The state-owned railway said 70 percent of scheduled long-distance trains were running and that work had resumed at more than half of the 94 main depots. The unions disputed the figures.

Three unions accepted a pay offer Saturday for workers at the state-owned electricity and gas utilities, where strikes disrupted service last week. Management said it expected there would be no more of the random power cuts that have provoked protests this week by many businesses and private consumers.

In Paris, however, a strike by the workers for the Metro and bus systems only partly entered its seventh day and appeared certain to continue Monday. The systems appeared to be operating at about half their normal capacity on Sunday.

The pro-Socialist French Democratic Labor Confederation, or CFTD, was scheduled to decide Monday whether to join the accord reached by the utilities workers. It called for its members to end their walkout.

The Communist-led General Confederation of Labor, or CGT, said in a statement Sunday that it would not join four other unions in calling for a return to work, but it said that it would turn to other forms of protest rather than cutting power production.

"A cold wave is hitting our country," the statement said. "The CGT considers that the population should not, under the circumstances, be affected by power reductions."

But dissatisfaction among workers in the public sector persisted over the government's policies of limiting wage rises, scaling down the state's participation in industry and introducing more flexible working hours and conditions.

The stoppage on the railways, which began 25 days ago, was strongest in the south, where train drivers in Marseille, Bordeaux, Toulouse and Montpellier voted to extend their action for 24 hours.

The Rally for the Republic and Union for French Democracy parties, which are partners in the conservative government of Prime Minister Jacques Chirac, and the far-right National Front, business organizations and consumer groups planned rallies Monday in Paris and elsewhere to protest the strikes.

Jean-Marie Le Pen, leader of the extreme-right National Front, said Sunday his party's demonstration would be aimed at what he called government laxity in handling the labor unrest.

France Expels Envoy From New Caledonia

By Edward Cody
Washington Post Service

PARIS — The French government, which canceled high-level contacts with Australia last month, announced Sunday that it has expelled the Australian consul general in New Caledonia in a dispute over French rule of the South Pacific island.

The measure was the latest manifestation of a long-running disagreement between France and Australia centered on Australia's insistence that Paris halt nuclear tests in the South Pacific and grant independence to New Caledonia.

While falling far short of a break in relations, the French decisions have called attention to the discord on these issues between France and 13 Pacific nations joined in the South Pacific Forum.

French sensitivities have been heightened since the United Nations General Assembly voted Dec. 2 to put New Caledonia on the assembly's list of territories that should be granted independence and called on France to "cooperate with the UN decolonization committee in the implementation of this resolution." Australia was among the Pacific countries pushing hardest for the General Assembly action.

In apparent retaliation two weeks later, Foreign Minister Jean-

Bernard Raimond of France notified the Australian ambassador in Paris, Peter Curtis, that France was cutting off ministerial exchanges between the two countries. Gaston Flosse, the secretary of state for South Pacific affairs, canceled a visit he was to make next month to Australia.

The French Foreign Ministry said Sunday that John Dauth, the Australian consul general in New Caledonia, was ordered to leave the French-ruled territory within one month because of "activities unbecoming his diplomatic status."

A ministry spokesman refused to elaborate on what Mr. Dauth had done to anger the French authorities. Officials of Prime Minister Jacques Chirac's government have accused Australia recently of interference in internal French affairs and a "systematic campaign against French policies" in the South Pacific.

Foreign Minister Bill Hayden of Australia, in a statement issued in Canberra, called the expulsion order "unilateral and unjustified" and denied that Mr. Dauth had acted outside the definition of his consular mandate.

New Caledonia has become a thorn in the side of the French government since clashes in late 1984 between independent activists from the local Melanesian people, called Kanaks, and French settlers eager to keep the territory as a part of France.

The Socialist government then in power under President Francois Mitterrand responded with a formula that could have opened the way to eventual independence for the island. Since Mr. Chirac came to power with a conservative parliamentary majority in March 1986, Australia and other Pacific countries have expressed fear that this opening will be abandoned.



Prime Minister Yasuhiro Nakasone, left, is greeted upon his arrival in Finland by Prime Minister Kalevi Sorsa.

Nakasone In Helsinki For Talks

HELSINKI — Prime Minister Yasuhiro Nakasone of Japan began Sunday an official visit to Finland during which he is expected to ask Finnish leaders about their views on the leadership in the Soviet Union.

Mr. Nakasone arrived in Helsinki on Saturday at the start of a tour of four countries with special insights into the Kremlin. They are Finland, East Germany, Yugoslavia and Poland.

Many analysts say that one of the failures of Japanese diplomacy under Mr. Nakasone has been Moscow's rejection so far of his attempts to invite the Soviet leader, Mikhail S. Gorbachev, to Japan and to make a return visit to the Soviet Union.

His two days of talks in Finland are to include meetings with Prime Minister Kalevi Sorsa and President Mauno Koivisto, two of the most frequent visitors to Moscow outside the Eastern bloc.

Unprecedented Trip

The New York Times reported from Tokyo:

Government officials have characterized Mr. Nakasone's trip as an important breakthrough, broadening Japan's diplomacy beyond its customary focus on the United States, Asia and Western Europe. No Japanese leader has ever before made state visits to the countries on Mr. Nakasone's itinerary.

Of particular interest is whether the prime minister will offer Poland some form of economic assistance when he arrives in Warsaw on Thursday. Foreign Ministry officials say there are no such plans.

Nevertheless, the Japan Times, which often reflects government thinking, reported that Mr. Nakasone was prepared to make available \$200 million in loans from Japan's Export-Import Bank, after Poland presents a plan for repaying its \$30 billion debt to Western creditors.

Japan, along with a number of Western countries, imposed economic sanctions on Poland after martial law was declared in 1981. But the Japanese, who hold about \$1 billion of the Polish debt, have recently eased their hard-line stand and indicated a readiness to restore normal relations.

UNIVERSITY DEGREE
SACHELOR'S • MASTER'S • DOCTORATE
For Work, Academic, Life Experience.
Send detailed resume for free evaluation.
PACIFIC WESTERN UNIVERSITY
600 N. Sepulveda Blvd.,
Los Angeles, California
90049, Dept. 23, U.S.A.

WORLDWIDE ENTERTAINMENT
LE PLUS CÉLÈBRE CABARET DU MONDE
PANACHE
NOUVELLE REVUE
20 h Diner dansant
Champagne et Revue 485 F
22 h 15 et 0 h 30
Champagne et Revue 330 F
SERVICE COMPRIS
116 bis, CHAMPS-ÉLYSÉES - TEL. 45 63 71 61 ET AGENCES

Cash Loans
A FINE MENU AT FR. 170.
ALL INCLUDES EXCELLENT COUNTRY WINES.
CLOSED SATURDAY, SUNDAY
41, Rue Bolivar d'Anglais, Paris-8e
Near American/Brass Embassy & Hermes.
Tel. 42 65 06 85.

WORLDWIDE ENTERTAINMENT
appears every
Monday, Wednesday,
Friday

Irish UN Soldier Killed By Israelis in Lebanon

BEIRUT — The commander of the United Nations peacekeeping force in southern Lebanon said Sunday that unprovoked Israeli tank fire had killed a UN soldier from Ireland.

"The Irish soldier," said Major General Gustav Haegglund, the commander of the UN Interim Force in Lebanon, "was killed by a round fired from an Israeli tank. This firing was unprovoked."

"I have vigorously protested this act to the Israeli authorities, who undertook to conduct an urgent investigation."

The Irishman, Corporal Dermot McLaughlin, 33, was killed Saturday at a UN post near the village of Baraachit on the edge of Israel's self-declared "security zone."

The UNIFIL spokesman, Timur Goksel, said that Corporal McLaughlin died after an Israeli unit near Baraachit opened fire with tanks, mortars and machine guns at an Irish-held UN position on Saturday night.

The Irish position commander went up to the roof of the building and fired two flares to show that the position was occupied by UNIFIL troops, Mr. Goksel said. "But as he was coming down, another tank round exploded in a room where the soldier was resting. The position was seriously damaged and the firing continued for 10 minutes."

He was the 21st Irish soldier to die in Lebanon and the 139th fatality suffered by UNIFIL since it was deployed in 1978 after an Israeli invasion of the south.

In Jerusalem, an Israeli Army spokesman said Corporal McLaughlin was killed accidentally when Israeli troops fired at a

Storms, Record Cold Strike Europe

LONDON — As a cold snap swept across Europe, 48 persons died in the Soviet Union, the Swedish Army was called out to reach thousands of isolated homes and fishermen were shipwrecked by storms.

Record low temperatures were reported throughout Europe, with eastern Siberia the coldest at minus 60 degrees centigrade (minus 76 degrees Fahrenheit).

The temperature in Helsinki dropped Saturday to minus 34.3 degrees centigrade (minus 30 degrees Fahrenheit), the lowest temperature recorded there this century.

Soviet press reports said 48 persons died in fires caused mainly by defective heaters in the country's coldest January since 1950.

The cold caused two deaths in Sweden on Saturday when a passenger train crashed into a train engine at Stode station, north of Stockholm. Officials said a frozen switch apparently diverted the train to the wrong track.

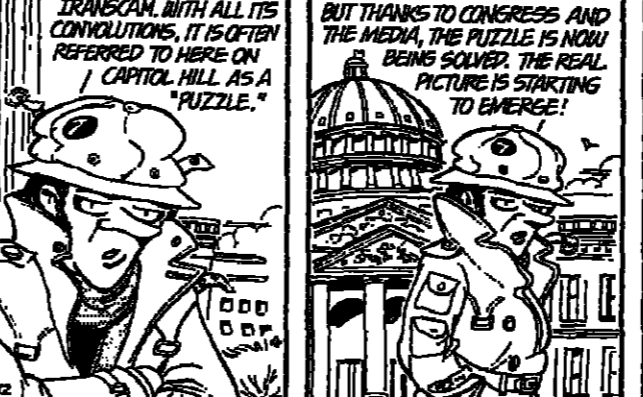
Five fishermen were rescued off the Almeria coast of Spain after their vessel was shipwrecked. Three Danish fishermen survived more than 30 hours on a leaking life raft in the Baltic Sea after a wave sank their boat Friday.

9 Deaths Linked to Weather in France

Firemen said an overheated wood stove started a fire early Sunday in a house on the western coast of France, killing four children and three adults in the same family, United Press International reported from Chateaufort-sur-Charente, France.

In another accident in France, two fishermen in Normandy were blown overboard and drowned when their boats were struck by high winds.

DOONESBURY



Storms, Record Cold Strike Europe

LONDON — As a cold snap swept across Europe, 48 persons died in the Soviet Union, the Swedish Army was called out to reach thousands of isolated homes and fishermen were shipwrecked by storms.

Record low temperatures were reported throughout Europe, with eastern Siberia the coldest at minus 60 degrees centigrade (minus 76 degrees Fahrenheit).

The temperature in Helsinki dropped Saturday to minus 34.3 degrees centigrade (minus 30 degrees Fahrenheit), the lowest temperature recorded there this century.

Soviet press reports said 48 persons died in fires caused mainly by defective heaters in the country's coldest January since 1950.

The cold caused two deaths in Sweden on Saturday when a passenger train crashed into a train engine at Stode station, north of Stockholm. Officials said a frozen switch apparently diverted the train to the wrong track.

Five fishermen were rescued off the Almeria coast of Spain after their vessel was shipwrecked. Three Danish fishermen survived more than 30 hours on a leaking life raft in the Baltic Sea after a wave sank their boat Friday.

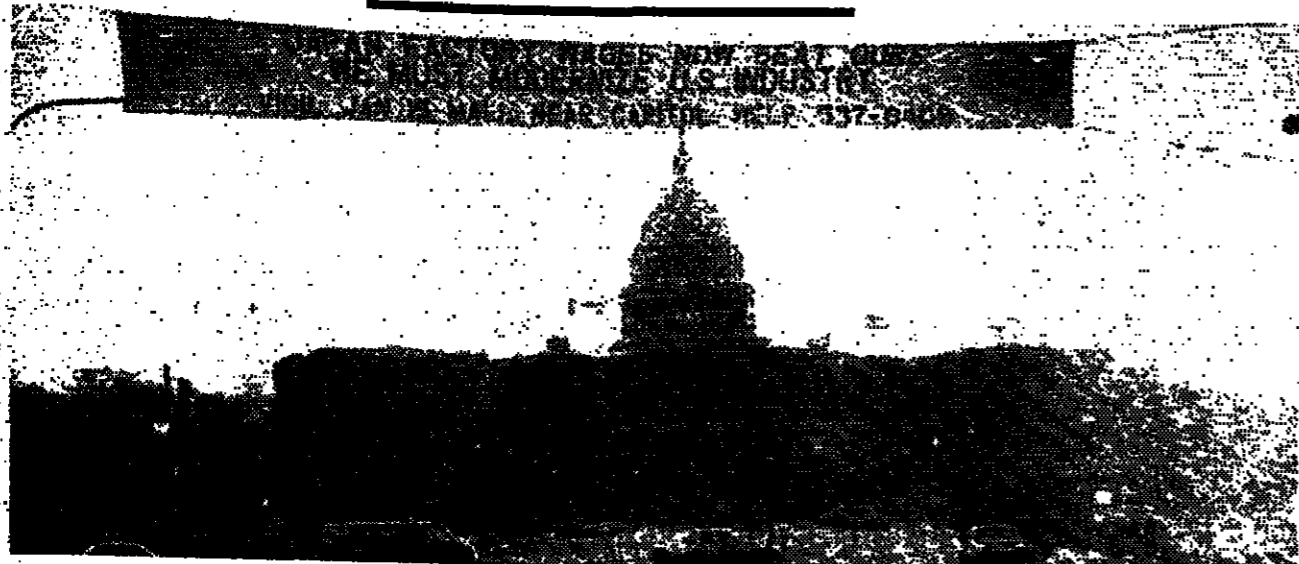
9 Deaths Linked to Weather in France

Firemen said an overheated wood stove started a fire early Sunday in a house on the western coast of France, killing four children and three adults in the same family, United Press International reported from Chateaufort-sur-Charente, France.

In another accident in France, two fishermen in Normandy were blown overboard and drowned when their boats were struck by high winds.

THE IRAN-SCAM PUZZLE!
JOIN US ALL THIS WEEK AS WE SHARE THAT PICTURE WITH YOU FROM NOW UNTIL SATURDAY. GRAB THOSE SCISSORS AND X-ACTO KNIVES AS WE PIECE TOGETHER...
FIRST PIECE CUT N' SAVE!

AMERICAN TOPICS



KEEPING UP WITH THE JAPANESE—A banner in Washington, near the Capitol, issues an SOS for U.S. industry.

Modern Restoring Techniques Give Historic Houses New Life

As research methods and technologies become more sophisticated, curators of residences dating from the American Revolution are changing the decor, usually from frilly but dull to plain and bright, to bring them more in line with historical reality.

lights and filters to reveal lost architectural elements; and to increased scholarship and the use of period inventories as prime sources.

Chemical analysis has replaced the mechanical technique of scraping down to the original paint, by which time that paint had often faded beyond recognition.

Short Takes

Bankers Trust in New York says it is providing a "Relationship Manager" for private clients. This prompted the "Metropolitan Diary" column of The New York Times to comment: "It's probably a good thing, Machines seem to have taken over banking anyway, and so many relationships these days are in a mess."

Business has more than doubled since smoking was banned at the Adams Landing Bar and Restaurant at the Pontiac-Oakland airport near Detroit, according to the owner, Larry Adams.

Harsher drunken-driving laws cause more drunken drivers to flee the scenes of traffic accidents, according to a study by Purdue University in Indiana.

—ARTHUR HIGBEE

Gorbachev Assails U.S. Responses to Soviet Initiatives

MOSCOW — Mikhail S. Gorbachev, the Soviet leader, faulted the Reagan administration Sunday for not responding to Moscow's diplomatic initiatives during 1986.

Soviet Replaces Chief Negotiator at Geneva Talks

WASHINGTON — The Soviet Union has told the United States it will replace the chief Soviet negotiator at the Geneva talks on nuclear weapons when they resume Thursday, according to U.S. officials.



Yuri M. Vorontsov

Mr. Vorontsov served as second in command at the Soviet Embassy in Washington under Anatoli F. Dobrynin from 1970 to 1977.

U.S. Officials Split State Department officials have proposed that American negotiators be given the authority to drop the administration's proposed ban on long-range mobile missiles during the next round of arms talks.

In Managua, Fleeting Liberties

Ortega Signs Constitution, Promptly Suspends 10 Articles

MANAGUA — President Daniel Ortega Saavedra has signed a new Nicaraguan Constitution, but he announced later that a state of emergency nullifying many civil liberties would be reimposed because of the "continued North American aggression."



President Daniel Ortega Saavedra of Nicaragua, left, greeting President Alan Garcia Pérez of Peru in Managua.

Statement by Rebels Joanne Omsang of The Washington Post reported from Washington: The Nicaraguan rebels made public Friday a detailed promise of what their future government would look like if they should succeed in taking power in Managua.



Swiss Bank Corporation reveals a closely guarded professional secret:

Even if it works, ask why.

Many of our customers have something in common besides their choice of international bank. They've learned how to learn from their successes, the way everybody else learns from mistakes.

Swiss Bank Corporation Schweizerischer Bankverein Société de Banque Suisse The key Swiss bank

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The Curtain Stays Down

Mikhail Gorbachev continues to make remarkable changes. Boris Pasternak's long-banned "Doctor Zhivago" will be published within the year...

Mr. Gorbachev has increased the flow of information, loosened restrictions on the arts and broadened the latitude of public debate. To bring the scientific and technological expertise, capital and trade that he needs from abroad...

Talking With the ANC

Its 75th anniversary finds the African National Congress struggling. Its name and cause have become far better known outside South Africa...

A third message, of readiness for negotiation and conciliation, is aimed at Western countries, especially the United States, from whom the ANC seeks help in isolating Pretoria and gaining recognition...

Leadership Is Needed

The White House is so eager to demonstrate that President Reagan did not know about transferring Iranian arms money to the Nicaraguan rebels that it releases, and urges the Senate intelligence committee to release, humiliating evidence of its foreign policy ineptitude...

Mr. Abrams asked that the money be sent to a Swiss bank account controlled by Oliver North. For months thereafter, he says, he accepted the colonel's statement that the sultan had not deposited the money...

Other Comment

Free, Partly Free, Not Free

Of the estimated world population of 4,963.9 million people, 1,942.5 million live in 57 free states and 34 related territories; 1,171.5 million live in 57 partly free states and 19 related territories; 1,949.9 live in 53 not-free states and two related territories...

Thailand showed increasing respect for diversity of opinion and participation. Benjaded ended martial law, but elections there were seriously marred. Turkey improved its human rights record, while leaving room for further liberalization...

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1986-1987

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

LEE W. HUEBNER, Publisher PHILIP FOISIE, Executive Editor • WALTER WELLS, Editor • SAMUEL ARI, KATHERINE KNORR, and CHARLES MITCHELMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor • ROBERT J. DONAHUE, Editor of the Editorial Page

RENÉ BONDY, Deputy Publisher • ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers • FRANÇOIS DESMAISON, Circulation Director • ROLF D. KRANEPHUIJ, Advertising Sales Director

Director of the publication: Walter N. Thayer. Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel. 472-7768. Telex: RS56028

OPINION

There Is a Better Way Than Boom-Booms

By Flora Lewis

PARIS — In the aftermath of World War I, there was a great campaign against the "merchants of death" who made fortunes selling arms and encouraging wars to use them up. Making money is now an important factor for governments in the world arms trade...

Mr. Carter's experience highlighted the difficulties and showed that even with the best intentions there is no easy formula to quench the demand and supply of weapons around the world. But Ronald Reagan came to office with a decision to rearm the United States and use arms transfers "as an essential element of the U.S. global defense posture and an indispensable component of foreign policy."

in economic aid, of which \$1.4 billion is food and \$5.8 billion is military aid. Soviet figures are not available, but Moscow is known to be far readier to ship weapons than to finance development. Even after most of the "liberation wars" that it supported around the world had ended, the Kremlin was sending weapons abroad at increasing levels.

But 'Arms Sales Were the Best Part of My Business'

By Said K. Aburiah

This is the first of two articles.

LONDON — The Iran arms scandal has introduced the public to the shadowy world of the Middle East intermediary — people like Manucher Ghorbanifar of Iran and Adnan Khashoggi of Saudi Arabia. What exactly is an intermediary?

The intermediary's job is to help grease the skids for his client. That is especially true in the arms business, which represents over 30 percent of the national budgets of the countries of the Middle East.



powerful — a king, a president, a sheikh, a minister or a relative of theirs — in exchange for a commission that is shared by the intermediary and his political patron.

who might otherwise have refused to respond to Iranian inquiries. In their rush to buy weapons, the Iranians have even tried to barter caviar. One of their agents showed up in London recently and offered a large shipment of caviar to a large British retailer.

Emigration Diplomacy Requires a New Flexibility

By Stephen S. Rosenfeld

WASHINGTON — Natan (formerly Anatoli) Shcharansky, the noble Soviet Jew who fought his way to freedom in Israel, advises Americans to hang tough with the legislation restricting Soviet trade and to beware of an effort by Mikhail Gorbachev to buy back to the American technological flow by token Jewish emigration.

negative effect on Jewish emigration and on Soviet-U.S. relations overall. Academics, but not on personal struggle and fidelity. Jews still denied emigration, are overwhelming; and it is understandable that someone who won a heroic contest of wills with the Kremlin would see the rescue of other Jews in terms of continuing that contest. His political judgment, however, is mortal. Not alone among former Soviets, he is strong on commitment, weak on history.

valued in American judgments) and deliver up the emigrants; and if Moscow did not deliver, it deserved to be punished. Mr. Shcharansky has an immense emotional investment in this view. So do many Americans, including those who are more aware than he of the amendment's spoiling effect on emigration and on Soviet-American ties across the board.

Gorbachev Runs the Same Old System

LAST month, Anatoli Marchenko died in Chistopol prison of a hunger strike. Four years before, in the same prison, I went on a similar strike. Mr. Marchenko was allowed to die. I was not. The West must ask what has changed in four years.

would be forthcoming. Their assessment has proved to be accurate. How have they managed to silence the outcry that would have been raised at the death of such a prominent dissident only a few years ago? The West has yet to produce a thoughtful response to the policies of Mikhail Gorbachev, and it is hesitant therefore to make any response at all. Mr. Gorbachev has covered the Iron Curtain with a softer curtain of words and gestures. But the West must recognize the new Soviet dictator for what he is. He is not working for the demise of the Soviet system of repression. On the contrary, he recognizes that certain changes must be made to preserve that system.

LETTERS

Violence, Did He Say?

Regarding "Why the United States Denies Visas" (Dec. 16) by Jerome C. Ogden, deputy assistant secretary of state for visa services:

Section 29 of the U.S. Immigration and Nationality Act states that a person can be refused entry into the United States for advocating violence as a means for achieving political ends. But the U.S. government itself advocates violence to achieve political ends. It is hard to imagine a better example of that than selling weapons to Iran to obtain the release of hostages. Section 29 is a hypocritical pretext to keep undesirable out.

MARK HUNTER, Montpellier, France.

The Quality of Life

James Michener, in "Last-Ditch Remedies for an Ugly American Decade" (Jan. 7), hints of much of what has occurred in America, and does so with style and sensibility. I hope a copy has reached the Oval Office.

From an opinion column by Natan Shcharansky in The New York Times.

The writer has worked as a consultant in Middle East business for 12 years. He is the author of "Payoff: Wheeling and Dealing in the Arab World," from which this article was adapted by The Washington Post.

It is revealing that Mr. Camdessus lists protectionism just after debt as the most urgent problem facing the IMF. While he does not lay out his thoughts on the subject fully, his remarks suggest that he fears that strong political reaction in the United States to the U.S. trade deficit could provoke protectionist responses that would choke off the exports that the Third World needs to sell to pay off American banks.

He makes this point by lavishly praising Treasury Secretary James Baker's "growth-oriented strategy" for resolving the debt problem. He agrees that these countries have to grow to make their payment of debt through the exports of goods and services. And he says they can do so through continued free trade.

With new trade friction bedeviling U.S. relations with the European Community and Japan, a U.S. protectionist tide could also severely damage the prospects of achieving the coordination of economic policies that the seven major industrialized countries endorsed in Tokyo last May as the key to restoring world economic growth. Mr. Camdessus will be working to hold the seven countries to their pledge to come up with a strategy based on common economic indicators, and he will bring fresh enthusiasm for the discussion of currency target zones as a way of reducing exchange rate volatility.

"These could be five difficult years," he says. His one big advantage, he adds, "is that everyone now knows that no one can resolve these problems alone. Even the biggest countries have understood they can no longer work alone."

The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Japan Responds

TOKIO — The newspaper Yomiuri declares that the allegations made by the Herald's correspondent at Peking about Japan are farcical. It says: "Japan is consistently neutral. She has refrained from backing the Chinese Republicans, fearing the effect of such action upon the Japanese mind, and has not backed the Imperialists, fearing a Russian boycott. Japan, moreover, will be the first to suffer economically from a split between the Chinese states."

1937: Armed Neutrality

WASHINGTON — [Walter Lippmann writes:] Senator Arthur Vandenberg, like most of us, would be glad to find a policy that is guaranteed to keep the United States out of another great war. I wish I could believe that such a policy can be invented. For it is plain enough that if a European war breaks out, it will be so devastating that for generations to come Europe will be living in another Dark Age. The highest obligation of the United States is to see that the Western Hemisphere remains at peace, providing a sanctuary for the heritage of civilization. But if we are to succeed in that purpose, we must not begin by flattering ourselves that it can be accomplished by the simple and easy device of passing some new statutes. In the next war we should at the outset go on a war footing in order to preserve neutrality.

Camdessus Banks on Solidarity

By Jim Hoagland

PARIS — Michel Camdessus, a Gascon of soft charm and quick insight, arrives in Washington this week to take charge of the International Monetary Fund and become a major player in the expanding world of economic diplomacy. He gives no hint of asking himself if he has bought a ticket on the Titanic.

As any smart public servant would, Mr. Camdessus arrives publicly stressing continuity and privately thinking about the wrenching changes that could come to the world economy and the IMF in the five years he will head it. The key change that he has to fear is that the United States will turn into a major problem for the fund rather than its chief benefactor.

Mr. Camdessus, the outgoing governor of the Banque de France, becomes the IMF's seventh managing director on Jan. 16. He will have much to say about whether U.S. banks get back the mountains of dollars they shoveled out in loans to developing countries in the 1970s, whether the dollar soars or plunges on exchange markets, and whether today's smothering trade deficits become a structural feature of the world economy. For he will be presiding over an international organization that his predecessors have moved from the fringes to the center of global economic decision-making.

Mr. Camdessus, 53 and an administrator by training rather than a financial technician, comes superbly prepared to deal with the debt crisis. A fluent Spanish speaker who understands Third World economies and politics, he is likely to be effective in continuing the fund's heavy involvement in Latin America and can be expected to expand it in Africa.

He honed his skills as a financial diplomat in winning over a French monetary establishment initially skeptical about his lack of technical experience and about his links with the Socialist finance ministers who appointed him to a series of top jobs after 1981. Now he will apply these skills to reducing the tensions that have developed as the IMF has become a lightning rod for criticism throughout the Third World because of the austerity plans it has imposed as conditions for debt rescheduling.

The uncharted waters for Mr. Camdessus lie more in Washington, and in the continuing failure of U.S. leaders to find effective ways to deal with the U.S. budget and trade deficits. He will not be helped by Paul Volcker's retirement as chairman of the Federal Reserve in August.

As Senator Daniel Patrick Moynihan observed recently, history is likely to record that "in the 1980s America borrowed a trillion dollars from the Japanese and gave a party." At about the same time, Karl Otto Pöhl, president of the Bundesbank in West Germany, warned that the United States was behaving like a country with a budgetary surplus rather than the debtor nation it has become, and that the dollar was nearing "a crisis of confidence" as a reserve currency.

It is revealing that Mr. Camdessus lists protectionism just after debt as the most urgent problem facing the IMF. While he does not lay out his thoughts on the subject fully, his remarks suggest that he fears that strong political reaction in the United States to the U.S. trade deficit could provoke protectionist responses that would choke off the exports that the Third World needs to sell to pay off American banks.

He makes this point by lavishly praising Treasury Secretary James Baker's "growth-oriented strategy" for resolving the debt problem. He agrees that these countries have to grow to make their payment of debt through the exports of goods and services. And he says they can do so through continued free trade.

With new trade friction bedeviling U.S. relations with the European Community and Japan, a U.S. protectionist tide could also severely damage the prospects of achieving the coordination of economic policies that the seven major industrialized countries endorsed in Tokyo last May as the key to restoring world economic growth. Mr. Camdessus will be working to hold the seven countries to their pledge to come up with a strategy based on common economic indicators, and he will bring fresh enthusiasm for the discussion of currency target zones as a way of reducing exchange rate volatility.

"These could be five difficult years," he says. His one big advantage, he adds, "is that everyone now knows that no one can resolve these problems alone. Even the biggest countries have understood they can no longer work alone."

The Washington Post.

Florentino

By Roberto...

B...

B...

B...

In Iraq, On...

By Michael...

O...

O...

O...

O...

O...

O...

On U.S. Fa...

By Andrew H. Mal...

O...

O...

O...

Handwritten text at top right: "معلومات الأعمال"

China Asks Intellectual For Views On Democracy

FROM WRITING ORIGINALS... TOSHIBA logo and page number 94-A3

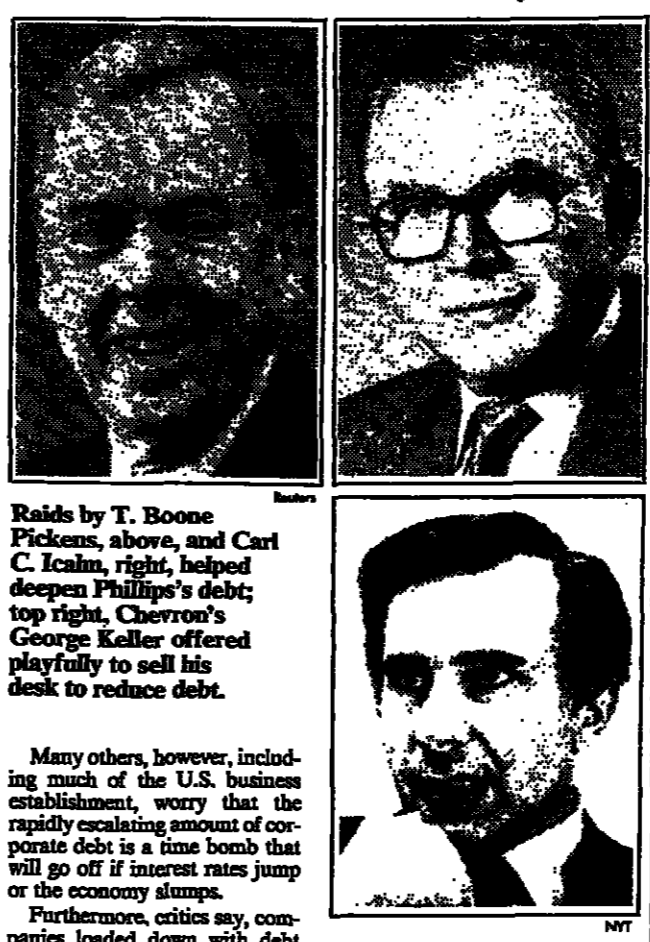
Herald Tribune BUSINESS/FINANCE

Manila May Bar Citibank Over Rescheduling

Manila - The Philippines is considering following Brazil's example by suspending the operations of a U.S. bank in retaliation for its delaying talks on rescheduling the country's debts...

The Ballooning of Corporate Debt Some Experts Welcome It; Others View It Warily

WASHINGTON - Most companies have some debt on their books, but few have problems as extreme as Chevron Corp., whose debt ballooned to \$15.5 billion when it purchased Gulf Corp. for a record \$13.2 billion in 1984...



Raids by T. Boone Pickens, above, and Carl C. Icahn, right, helped deepen Phillips' debt; top right, Chevron's George Keller offered playfully to sell his desk to reduce debt.

Turner May Sell Big Stake Cox, Storer Have Been Approached

By Robert J. Cole New York Times Service NEW YORK - Ted Turner may be negotiating to sell a significant piece of his 80-percent stake in the financially troubled Turner Broadcasting System, according to Wall Street analysts and sources close to the company...

Reaction Appears Perverse To Exchange-Rate Turmoil

PARIS - The upset in the foreign-exchange markets last week created surprisingly little echo in the international bond market. What echo there was appeared rather perverse. Although the Deutsche mark was appreciating in value, the market sector of the Eurobond market was one of the least robust...

THE EUROPEAN CURRENCY UNIT, the basket of EC currencies, will change little against outside currencies after the expected revaluations of the mark and the guild...

French and Danish interest rates, kept high for exchange-rate reasons, were driven ever higher last week as tensions within the EMS intensified. The currency realignment will undo all that...

In '87, Debtor Nations Will Look to the Long Term

WASHINGTON - Debtor nations and their lenders face the most intense period of negotiations this year since late 1982 and early 1983, when first Mexico, then other large Latin American nations ran out of money to pay their foreign debts...

Last Week's Markets All figures are as of close of trading Friday

Table with columns for Stock Indices, Money Rates, and other market data. Includes sub-tables for US and Foreign Indices, Money Rates, and Interest Rates.

Currency Rates

Table showing currency rates for various countries including Australia, Canada, France, Germany, Italy, Japan, etc.

EMS Shift Could Create Havoc in EC Farm Plans

BRUSSELS - Any realignment of currencies within the European Monetary System could create new budget headaches for the European Community, wiping out almost 800 million European Currency Units (\$855 million) it had planned to save on farm costs...

Advertisement for Caisse Nationale de Crédit Agricole. Features the logo and text: U.S. \$150,000,000 7 1/4% Notes Due 1991. Lists various financial institutions and agents.

Advertisement for Elof Hansson, The Global Traders. Text: The international trading house active in pulp, paper, machinery, chemicals, timber, building material, textiles, foodstuffs, steel, consumer goods.

U.K. Said to Plan Sale of Brit Rail

LONDON - The government is considering selling British Rail, the state-owned railroad system, to the public after the next general election...

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-622-1277. Prices may vary according to market conditions and other factors.

Dollar Straights

Table of Dollar Straights with columns for Issuer, Con Mat Price, Yld, and Spd. Includes entries for Australia, Canada, and New Zealand.

France

Table of France bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

Japan

Table of Japan bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

Sweden

Table of Sweden bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

Switzerland

Table of Switzerland bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

United Kingdom

Table of United Kingdom bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

Other

Table of Other international bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

Western Europe (Other)

Table of Western Europe (Other) bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

Non-European

Table of Non-European bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

American Exchange Options

Table of American Exchange Options with columns for Option & Price, Calls, and Puts. Includes various stock options.

Option & Price

Table of Option & Price with columns for Option & Price, Calls, and Puts. Includes various stock options.

DM Straights

Table of DM Straights with columns for Issuer, Con Mat Price, Yld, and Spd. Includes entries for Germany, France, and other European countries.

DM Zero Coupons

Table of DM Zero Coupons with columns for Issuer, Con Mat Price, Yld, and Spd.

Chicago Exchange Options

Table of Chicago Exchange Options with columns for Option & Price, Calls, and Puts. Includes various stock options.

Option & Price

Table of Option & Price with columns for Option & Price, Calls, and Puts. Includes various stock options.

United States

Table of United States bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

Supplemental

Table of Supplemental bonds with columns for Issuer, Con Mat Price, Yld, and Spd.

New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FIXED-COUPON						
Abbey National Building Society	\$200	1992	7%	100%	98.88	Noncallable, Fees 1.5%
Bond Brewing Holdings	\$175	1991	zero	72.86	73.56	Yield 8.23%, Noncallable, Proceeds \$126 million, Fees 1.5%
Crédit Agricole	\$150	1994	7 1/2%	100%	99.00	Noncallable, Fees 1.5%, Denominations \$10,000
Denmark	\$500	1992	7%	101%	98.95	Noncallable, Fees 1.5%, Denominations \$10,000
Finland	\$200	1997	7%	101 1/4%	100.00	Noncallable, Fees 2%
Holifax Building Society	\$150	1992	7%	100%	98.88	Noncallable, Fees 1.5%
Hotel Parker Meriden Capital	\$ 60	1997	8%	100%	99.00	Noncallable, Fees 2%
Kreditanstalt fuer Wiederaufbau	\$200	1994	7 1/2%	100%	98.25	Noncallable, Fees 1.5%
World Bank	\$300	1992	7	101	99.70	Noncallable, Fees 1.5%
Banque Francaise du Commerce Extérieur	DM 200	1997	6%	100%	99.25	Callable at 102 in 1992, Fees 2.5%
Chrysler Financial	DM 150	1997	6%	100	97.75	Noncallable, Fees 2.5%
Hammerson Property Investment & Development	DM 150	1992	6	100	—	Noncallable, Fees 2%
Algemene Bank Nederland	£ 75	1992	10%	101 3/4%	99.25	Noncallable, Fees 1.5%
Amsterdam-Rotterdam Bank	£ 50	1992	10%	101 3/4%	99.00	Noncallable, Fees 1.5%
Kreditanstalt für Wiederaufbau	£ 50	1994	10%	101	98.88	Noncallable, Fees 1.5%
Dai-ichi Kangyo Bank	ECU 100	1997	7%	101 1/4%	99.63	Noncallable, Fees 2%
European Investment Bank	ECU 200	1994	7%	101 1/4%	99.88	Noncallable, Fees 1.5%
Australia & New Zealand Banking Group	Aus \$ 50	1992	14	101 3/4%	99.28	Noncallable, Fees 2%
BHP Finance	Aus \$ 75	1992	14 1/4%	101 3/4%	99.38	Noncallable, Fees 2%
Commerzbank Overseas Finance	Aus \$ 75	1991	14	101 3/4%	99.13	Noncallable, Fees 1.5%
CSR Finance	Aus \$ 40	1992	14 1/4%	101 3/4%	99.38	Noncallable, Fees 2%
DSL Bank	Aus \$ 50	1992	14	101 3/4%	99.50	Noncallable, Fees 2%
Government Insurance Office (New South Wales)	Aus \$ 50	1991	14	101 3/4%	98.88	Noncallable, Fees 1.5%
Landesbank Schleswig-Holstein Finance	Aus \$ 30	1990	14	101 3/4%	99.13	Noncallable, Fees 1.5%
Philip Morris	Aus \$ 75	1990	14 1/4%	101 3/4%	98.88	Noncallable, Fees 1.5%
Société Générale Australia	Aus \$ 40	1990	14 1/4%	101 3/4%	99.63	Noncallable, Fees 1.5%
Prudential Funding	NZ \$ 50	1990	17 1/4%	101 1/4%	99.50	Noncallable, Fees 1.5%
EQUITY-LINKED						
Esai Company	\$100	1992	open	100	107.25	Coupon indicated at 2.5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 14.
Izumiyu Company	\$ 60	1992	open	100	100.00	Coupon indicated at 2.5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 12.
Nestlé Holdings	\$100	1997	5	100	103.50	Noncallable. Each \$10,000 note with five 4 1/2-year warrants each exercisable into one bearer participation certificate of 1,000 Swiss francs. Fees 2.5%.

Swedish Business Dislikes Budget

STOCKHOLM — Sweden's business community has reacted sharply to the Social Democratic government's new budget, with financial markets rejecting it as inadequate to deal with economic challenges.

The fiscal 1987 budget was scheduled to be unveiled formally on Monday, but most details of the 4,000-page document were known by Friday, and sent share prices tumbling on the Stockholm stock exchange.

Analysts said that the government planned to retreat from pledges to impose austerity measures to curb consumer spending, fueling fears among investors of higher interest rates.

"The budget is too nice," read a front-page headline in the Stockholm daily Dagens Industri, summing up the verdict of the business community.

Runners of the budget's contents had depressed financial markets since Wednesday, Swedish shares lost 24.8 billion kronor (\$3.6 billion) last week while other leading world stock exchanges saw record rises.

The main criticism of economists was that the budget gave too little priority to fighting inflation and that it contained no new taxes or other measures to dampen the spending spree that has attracted a flood of imports to the country.

Worries about inflation and a trade deficit reawakened fears that Sweden, after three years of strong economic growth, could find itself back in the quandary it faced in 1982, when it had to devalue its currency 16 percent to recover the market share its exports had lost because of inflation.

One of the few government departments to have its appropriations increased under the budget was the Nuclear Inspection Board, which would get extra money to monitor nuclear technology abroad. The rise was clearly linked with the Chernobyl nuclear accident.

Soviet-Turkish Trade to Rise As Gas Starts Flowing in April

ANKARA — Trade between Turkey and the Soviet Union is expected to increase dramatically this year as Soviet natural gas comes on stream and Ankara exports more goods and services to pay for it.

Though Turkey is a staunchly anti-communist member of the Atlantic alliance, neither side appears to see any problem in putting the trade agreement into effect.

During 1987, Turkey is to receive 750 million cubic meters of natural gas from the Soviet Union. Moscow is to use 65 to 70 percent of the resulting income to pay for imports from Turkey. Last year Soviet imports from Turkey amounted to \$180 million.

Soviet officials say the amount of gas is due to rise to six billion cubic meters after 1987. It is hoped that bilateral trade volume will eventually reach \$1 billion.

Major Turkish exports to the Soviet Union include vegetable oil, wheat, livestock, citrus fruits, nuts, iron and steel and industrial products.

The Soviet trade delegate to Turkey, Vladimir Kostikov, said Friday that the two countries had also agreed that Turkish contractors would build a number of hotel and leisure facilities in the Soviet Crimea and Caucasus.

The deputy chairman of the Turkish Contractors Union, Cemil Cudi Eke, said at least 10 companies would form a consortium to work with the Soviet Union.

No value has been put on the projects. A top Turkish official said it was hoped that the construction work would help pay for the natural gas, which is due to begin flowing in April.

A high-level Soviet team led by a deputy chairman of the State Committee for Foreign Economic Relations, Oleg Danilov, is scheduled to arrive in Ankara on Jan. 21 for a 10-day visit to discuss the work.

Ghana Plans to Open Stock Market in May

ACCRA, Ghana — Ghana will open a stock exchange in May to try to raise capital for local businesses, according to a top finance official here.

Joseph Aryee, chief investment officer of Ghana National Trust Holding Co., said Friday that the exchange would be known as the Accra Securities Market. He said the government had set up a technical committee, headed by the governor of the central bank, to do preliminary work on the exchange.

INTERNATIONAL TENDER SARDINE CONSERVATION PLANT TAN - TAN MAROC

The Arab Company for Investment in Fisheries announce for an international tender to establish a Sardine Conservation Plant in Tan Tan Maroc as turn key contract.

The factory will produce the following:
1° 9,000 tons of skinned and boneless sardines;
2° 4,000 tons of normal sardines;
3° 80 million metallic boxes from white iron for the packing of sardines.
4° The building containing the mentioned activities plus the administration and office unit.

The interested companies specialized in the above mentioned subject will please contact the following address to obtain the specifications and documents of the tender:

Dr. Walid al SHARIF
Director General
Arab Company for Investment in Fisheries (S.A.I.P.),
Place Zallaga,
Tour Atlas - 18th Floor, Casablanca (Maroc).
Telephone: 30.91.11/30.85.85.
Telex: Omnipech 23904M/23976M.

A managed investment in international trade

Investing in shipping containers which are leased to major shipping lines is a profitable business

In addition to its own fleet, the Transeo Group of Companies manage container leasing operations on behalf of over 2000 private investors on an international basis.

Purchase price US\$2500.00 each including positioning from factory to the nearest lease out point.

55% financing in US dollars over five years. Non-recourse and self-liquidating.

Residual value equal to the initial cash invested and fully secured by class 'A' bonds administered by a big 'S' accounting firm.

For full details, without obligation, and our new colour brochure please contact:

TEM
Trans Container Marketing AG
Gellenstrasse 18,
CH-4052 Basel,
Switzerland.
Tel: (061) 42.23.77.
Fax: (061) 42.23.72.

Bond Prices Close Higher Despite Data

By H.J. Maidenberg
New York Times Service

NEW YORK — Treasury bond prices closed sharply higher late last week after pressure earlier from economic statistics that were bearish for the credit markets.

Dealers said the turnaround came in mid-session Friday, when short sellers began covering their earlier sales with purchases.

U.S. CREDIT MARKETS

The resultant rise in prices brought in fresh buying throughout the rest of the day.

The discount rate on 90-day bills fell 8 basis points, to 5.39 percent, as operators sought to invest a rising flood of ready cash. The basic federal funds rate eased to 5 15/16.

"What we saw today was an awful lot of money chasing a relatively small supply of Treasury paper," said Norman E. Mains, first vice president at Drexel Burnham Lambert in Chicago. "As this became apparent, the sellers began holding back and those who had sold short earlier [in the week] began to buy out of their positions."

Robert H. Chandross, chief economist at Lloyds Bank in New York, said that, even when the bond market seemed to be under pressure after a decline in the unemployment rate was announced, the selling lacked conviction.

"While employment in the manufacturing sector accounted for only 31,000 of the total gain of 269,000 jobs last month, it does indicate that industrial production rose eight-tenths or nine-tenths of 1 percent in December and that the economy ended 1986 on a rather strong note," Mr. Chandross said.

He said he doubted that the Federal Reserve would have any reason to lower interest rates in the near future. "Given this situation, one can say the bond market behaved rather well even before the rally began," he added.

U.S. Consumer Rates

Product/Service	Jan. 8	Jan. 9
The Annual Report	5.80%	—
Bond Buyer 28-Bond Index	—	4.79%
Money Market Funds	—	6.36%
Deposit's 7-Day Average	—	6.32%
Bank Money Market Accounts	—	5.23%
Bank's Money Market Index	—	5.21%
Home Mortgage FHLB average	—	10.51%

Source: New York Times.

Net Asset Value on January 2, 1987

Pacific Selection Fund N.V.
U.S. \$0.28 per U.S. \$1 unit.

Pacific Selection Fund N.V.

SELECTED U.S.A./E.C. QUOTATIONS

Symbol	BB	ASK
Bitter Corp.	3 1/4	4
Chiron	24	24 1/4
GoodMark Foods	1 2/8	1 2/8
MAG Holdings	4	5 1/4
SpectraLyne	1 7/8	1 7/8

WITH COMPLIMENTS OF CONTINENTAL AMERICAN

December 1986

These are indicative prices as of Jan. 8, 1987

BONDS: Reaction to EMS Fuss Seems Persevere

(Continued from first finance page)

ed that sluggish U.S. economic growth this year would result in long-term U.S. interest rates declining to about 6 1/2 percent by mid-year from the prevailing rate of 7 1/2 percent. "Although rates could drop as low as 6 percent at some point during the second half," he said, "they are likely to remain in the 6 to 6 1/2 percent range until year-end."

Important as the expectation of lower interest rates is to the dollar sector of the Eurobond market, another significant factor last week was the cautious pricing of new issues.

The World Bank issued \$300 million of five-year bonds, its first offering of short-dated dollars in two years. Bearing a coupon of 7 percent and offered at a premium of 101, the paper was priced at 45 basis points over the yield on comparably dated Treasury paper. Last year, the World Bank's 30-year bonds were offered at a margin of only 27 basis points over the Treasury curve.

The current pricing reflects what investors want and the issue was a success, ending the week at a discount of 1 1/2 points for a yield of about 32 basis points over the Treasury rate.

Crédit Agricole of France priced its \$150 million of 7 1/2 percent, seven-year bonds at 100 1/4, 71 basis points over the Treasury yield, and ended the week trading at 64 basis points over the curve.

The only issue that did not work was Denmark's \$500 million of five-year notes carrying a 7 1/2 percent coupon and offered at 101 1/4, equivalent to about 59 basis points over the Treasury curve. This was widely considered at least 15 basis points too stingy and lead manager Nomura faced considerable difficulty in putting together an underwriting syndicate. The paper was quoted at a 2 1/2-point discount, well outside the 1 1/2 percent underwriting fees.

Bankers were also surprised at the poor performance of the \$200 million bonds issued by Kreditanstalt für Wiederaufbau, a West German government-owned bank making its maiden voyage to the Eurodollar market. The bank, whose domestic paper is issued at about 30 basis points over government bonds, paid 64 basis points over the U.S. Treasury rate but ended the week trading outside underwriting fees.

Other 10 basis points if more than 60 percent is drawn.

The continuing expansion of the number of issuers tapping the fledgling Euro-CP market indicates that borrowing terms here must be competitive with those prevailing in the much larger U.S. market. This is now confirmed in a study by Rodney H. Mills, senior economist of the international banking section of the Federal Reserve System.

Mr. Mills stated that the European market is "very cost competitive with the U.S. market in three-month maturities." The bulk of the U.S. market activity is in maturities of 30 days or less.

On the basis of rates only — that is, excluding dealer fees — "the Eurodollar market is more costly most of the time," Mr. Mills said, taking account of the much greater dealer remuneration in the U.S. market, "borrowers with access to both markets can now issue three-month paper in the Euro market more cheaply than, or as cheaply as, in the U.S. market for dealer-placed paper most of the time."

Differences Remain in U.S.-U.K. Pact

By Carl Gewirtz
International Herald Tribune

PARIS — U.S. and British banking authorities announced last week what they called a "landmark" accord on proposals to standardize the capital requirements to be imposed on banks.

The stated goal is to see the bilateral agreement widened to all the **INTERNATIONAL CREDIT** major industrialized countries, establishing a global regulatory standard for international banking.

This will include a common definition of what constitutes bank capital, a difficult task since the diversity of the existing national definitions is a reflection of accounting principles and tax laws that differ from country to country.

In addition, the accord also calls for standardization in measuring the risks that banks have assumed. Business will be divided into five categories, each with a different weight, to enable supervisors to apply a uniform assessment on whether banks have enough capital to cover their commitments.

Important as the accord is in laying the groundwork for a global approach to supervision, differences remain. One particularly topical one concerns the treatment of bank holdings of other banks' capital instruments.

The Bank of England, concerned about the explosion in the number of banks issuing and buying floating-rate capital notes and the potential danger of pyramiding, considers that banks must deduct from their own capital base any holdings of another bank's capital paper.

No other regulatory body has followed the Bank of England's treatment of such holdings and the new accord says only that the U.S. authorities "accept the principle underlying this policy and will monitor bank holdings of capital instruments and may, as appropriate, deduct these items."

Japanese banks are reported to be the largest holders of perpetual FRNs issued by banks and a big question is what position the Japanese authorities will take in their moves to adopt the U.S.-British standard.

Japanese and U.S. officials met last week in New York to discuss the common standards but Japanese officials said no timetable has been agreed on to discuss the changes.

Meanwhile, the market for perpetual FRNs came under renewed attack last week with large volumes of paper put up for sale and no buyers to be found. Prices, which opened this year in a range of 97-99, tumbled to 90-92 before settling at week's end to a range of 94-96.

The FRN market itself remains shuttered. Rather than paying the near 1/4 point margin over the London interbank offered rate now required to sell new paper, banks find it easier to issue fixed-coupon bonds and swap the proceeds into sub-Libor floating rate money.

In addition, banks are tapping the widening money markets for funds. Crédit Commercial de France appointed S.G. Warburg and Morgan Grenfell to market up to £150 million of certificates of deposit issued by its London branch.

Banque Internationale pour l'Afrique Occidentale plans to issue up to \$100 million of Eurocommercial paper and CDs. BIAO is asking banks to underwrite a five-year backup line of credit of \$25 million. It will pay an annual underwriting fee of 8 basis points, or hundredths of a percentage point, for the credit and a front-end fee of 7 1/2 basis points. To draw on the credit, BIAO will pay 10 basis points over Libor and a utilization fee of another 10 basis points.

Bond Corp. to Get 23.77% of TVB

HONG KONG — Bond Corp. International Ltd. has agreed to buy 23.77 percent of Hongkong Television Broadcasts Ltd., the colony's leading TV station, for 1.4 billion Hong Kong dollars (\$180 million), Bond confirmed Sunday.

Bond International, controlled by the Australian entrepreneur Alan Bond, said it would buy 99.84 million shares for 14 dollars apiece from TVB's chairman, Sir Ruan Run Shaw, and related trusts.

The purchase is to be financed by a short-term bank loan and a subsequent rights issue.

All of these securities have been sold. This announcement appears as a matter of record only.

200,000,000 SHARES

INVESTCORP

Arabian Investment Banking Corporation (INVESTCORP) E.C. (Bahrain)

COMMON STOCK

Price \$0.25 PER SHARE

The undersigned arranged the placement of these shares.

INVESTCORP

December 1986

New Issue

SPORTS

SPORTS BRIEFS

Oliva Beats Gonzalez to Retain WBA Title

AGRIGENTO, Italy (UPI)—Patrizio Oliva of Italy went an unexpectedly tough 15 rounds in outpointing Mexican Rodolfo Gonzalez to retain his World Boxing Association junior welterweight title here Saturday night.

West Teams Win Two Football Bowl Games

HONOLULU (Combined dispatches)—Chris Miller of Oregon completed 10 of 16 passes for 210 yards and one touchdown, and Washington's Jeff Jaeger kicked three field goals to lead the West to a 16-14 victory over the East in the 41st Hula Bowl here Saturday.

Miller had completions of 41 and 47 yards to Lorenzo Hill of Washington and Jon Horton of Arizona during a second-quarter stint that produced the West's go-ahead score. His 4-yard pass to Hill with two seconds left in the half made the score 10-7.

Meanwhile, in Stanford, California, quarterback Kelly Stouffer of Colorado State completed his first nine passes, including scoring bombs of 34 and 48 yards, to lead the West to a 24-21 victory in the 62d annual East-West Shrine Football game.

Scott Schwedes of Syracuse returned a kickoff 90 yards in the third period, the longest scoring play in East-West history, to help the East tie the game after falling behind 21-0. But the West pulled out the victory on a 19-yard field goal by Nebraska's Dale Klein with 6:53 to play.

Broncos Beat Browns on Overtime Kick

By Barry Wilner The Associated Press

CLEVELAND — Rich Karis kicked a 33-yard field goal with 5:48 gone in overtime Sunday, after quarterback John Elway had led Denver on a game-tying 98-yard drive in the final moments of the fourth quarter of the National Football League game, to beat the Cleveland Browns, 23-20, and advance the Broncos to their second Super Bowl.

The barefooted Karis, kicking on a frozen field, ended a nine-play, 60-yard drive in overtime. The Broncos will meet the NFL champions, either the New York Giants or the Washington Redskins, in the Super Bowl at Pasadena, California, on Jan. 25.

The Broncos won the AFC title in 1977, but lost to Dallas in that Super Bowl and did not win another playoff game until last week, when they ended a five-game postseason losing streak with a 22-17 defeat of the New England Patriots.

The Browns, who went into double overtime to beat the New York Jets last week, have never been to the Super Bowl.

The Browns kicked off to start the overtime, then forced the Broncos to punt. Elway passed to tight end Orson Mobley for 22 yards, to the Browns' 22, on third down and 12. Three runs by Sammy Winder brought the ball to the 15, and Karis kicked the field goal.

Bernie Kosar had passed to Brian Brunner for a 48-yard touchdown with 5:43 left in regulation to give the Browns a 20-13 lead. But Elway came right with the 98-yard drive that tied the score with 37 seconds left on a five-yard touchdown pass to Mark Jackson.

Bruner beat Dennis Smith's tight coverage down the left side-

line to catch Kosar's pass on third and six. Smith, a Pro Bowl safety beaten earlier on a 42-yard play by Clarence Weathers, fell at the 18 as the pass was caught.

The Broncos botched the ensuing kickoff and started from their two-yard line with 5:35 left. Elway completed six of nine passes in the drive, and ran twice for 20 yards. But the key plays were Winder's two-yard run on third and two at the Denver 10 and Elway's 20-yard pass to Jackson on third and 18 at the Cleveland 48.

The Browns, who have won four NFL titles since joining the league in 1950, were 12-4 this season, posting the best record in the AFC. But they barely made it to the championship game, needing to rally from a 10-point deficit against the Jets with two minutes left.

Against the Broncos, they staged a well-balanced, 86-yard drive, ending in Herman Fontenot's six-yard touchdown reception, for a 7-0 lead. En route, they converted four third-down plays, the last resulting in the touchdown when Kosar threw to Fontenot in the flat and the running back faked safety Tony Lilly to the ground.

Then turnovers and the Broncos' solid defense stymied the Browns. Linebackers Ricky Hunley and Jim Ryan each intercepted a pass by Kosar, and Kevin Mack fumbled away the ball once in the first half.

Denver scored 10 points off of those turnovers, on a one-yard run by Gerald Willbite and Karis' 19-yard field goal.

Karis kicked a 26-yarder in the third quarter and the Browns' Mark Moseley kicked field goals of 29 and 24 yards to produce the 13-13 tie.

The league's new instant replay rule came into use the third quarter when Mark Harper stepped in front of Cleveland's 31. First ruled an incomplete, the call was overturned by replay official Jack Reader.

But the Browns couldn't move the ball, and Jeff Gossett's 42-yard punt gave Denver the ball at its 30. The Browns went 61 yards in 11 plays, helped by a roughing-the-passer penalty against Reggie Camp that added 14 yards to Elway's nine-yard pass to tight end Clarence Kay.

Kay was activated before the game after having gone through drug rehabilitation and missed several games.

Cleveland linebacker Mike Johnson dropped what would have been an interception just before Karis' field goal made it 13-10.

The Browns came right back, although Fontenot's kickoff return to the 50 was negated by Scott Nicolais' illegal block. Kosar took them 76 yards in 10 plays, with a 20-yard pass to Webster Slaughter, who sprang his left shoulder on the play, and a 22-yarder to Reggie Langhorne.

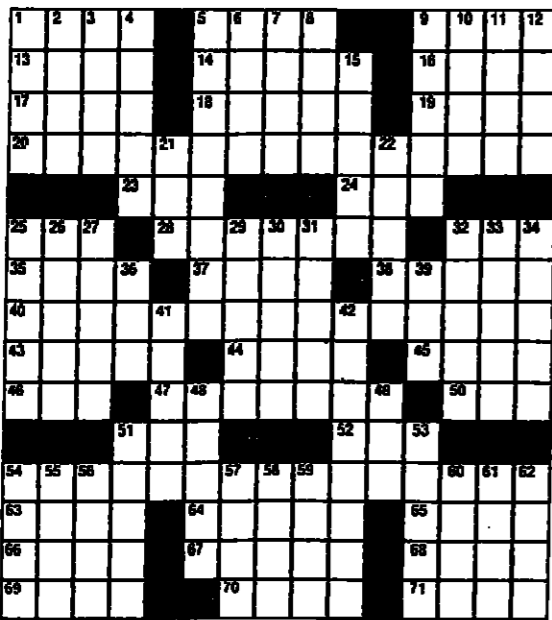
The Browns got to the seven, then Moseley kicked his 24-yard field goal.

Games to Coach Chiefs

Frank Ganz, who resigned last Wednesday as the special-teams coach of the Kansas City Chiefs, Saturday was hired as the NFL's 19th head coach, United Press International reported on the play.

He replaced John Markovico, who was fired Thursday night.

Ganz, 48, had resigned as assistant head coach and special-teams coach because, he said, he wanted to make some changes that would eventually lead to a head coaching job in the NFL.



ACROSS 1 Box 5 A Celt 9 Coin originally called dime 13 Scarlett O'Hara's home 14 Old Norse poems 16 — of March 17 Collar or jacket 18 Unit or tract follower 19 Melodies 20 Song from "A Chorus Line" 23 Former French coin 24 Public vehicle 25 Sports enthusiast 28 Caustic remark 32 Depot on a RR 35 Greek god of war 37 Saw or hammer 38 A Philippine island 40 Song identified with Ruth Etting 43 Odor 44 British carbine 45 Region 46 Cereal spike 47 Serves 50 Blunder 51 Fruit drink 52 Lubricant

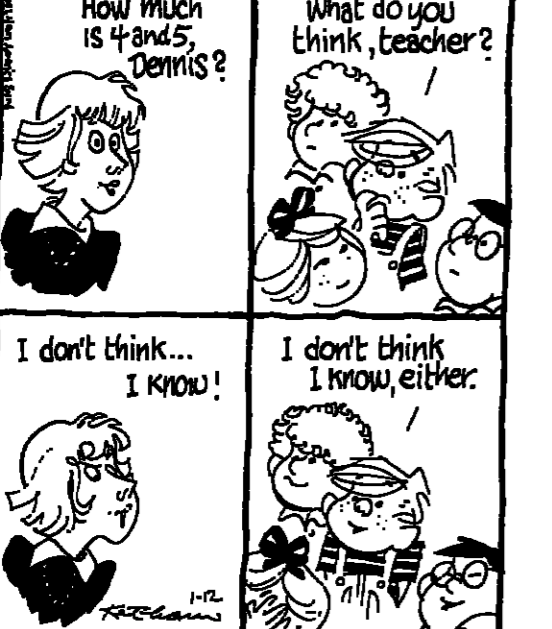
Solution to Friday's Puzzle

PUZZLE SOLUTION: SPAM, ALLOU, TALTIA, ADRE, CANTERBURY, TOTROT, ACRO, LYS, SCISSORSHOLD, CHUTE, SLOTHS, ANI, UVEA, EERIE, PAPERMULBERRIES, BULGE, PULL, PRE, STEELS, EDSSEL, ROCKNROLLERS, UFO, CARA, ROMPER, SANTAMARTA, ILET, CROAT, ICED, RASA, GORGE, TORO, AYES

Quotable

Duffy Daugherty, former Michigan State football coach, on Santa Anita racetrack: "The only place where windows clean people." (LAT)
Abe Lemons, the Oklahoma City basketball coach, on player profiles in press brochures: "Just once I'd like to see a picture of one these guys with the caption: 'He's a dog. Ate up \$8,000 worth of groceries in four years and can't play worth a lick.'" (LAT)
Coach Buddy Ryan, after his Philadelphia Eagles posted a 5-10-1 record: "Anytime you have a season like this, there's a possibility there are going to be coaching changes, player changes and sportswriter changes." (LAT)

DENNIS THE MENACE



PEANUTS



BLONDIE



WORLD STOCKS IN REVIEW

Amsterdam: Despite the bullish tendency in New York, prices on the Amsterdam stock exchange declined last week. The ANP-CBS general index closed at 271.3, down from 277.5 on Jan. 2. Turnover rose to 4.801 billion guilders from 992 million.

Frankfurt: Share prices gave ground on the Frankfurt stock exchange last week in response to tension within the European Monetary System and the fall of the dollar.

Hong Kong: Hong Kong stocks scaled new heights last week before tumbling in heavy selling.

London: Share prices advanced across a broad front last week on the London Stock Exchange.

Milan: The Milan stock exchange index closed Friday at 984 points, down from 1,000 points the previous week.

Paris: The CAC index surged 4 percent last week to 4072 points, against 392 the previous Friday.

Zurich: Anxiety triggered by rumors of a currency realignment within the EMS dampened sentiment on the Zurich stock exchange last week.

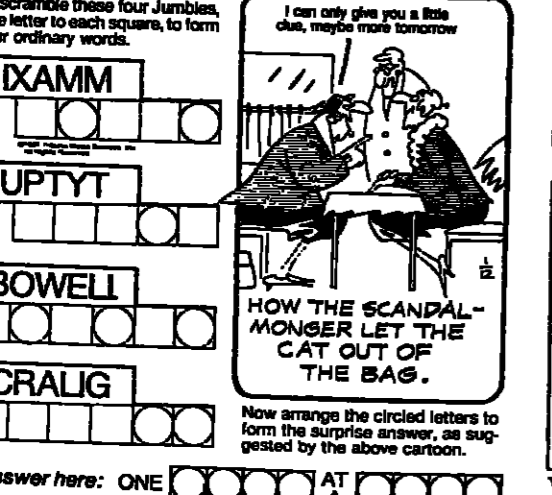
Tokyo: Shares posted a moderate 99.06-yen gain in the terms of the Nikkei Stock average last week, closing at 18,310.36 yen.

Switzerland: The Credit Suisse index dropped to 556.9 points, against 558.1 on Dec. 30, the last day of trading in the previous week.

Switzerland: British and West German investors sold major packages of Swiss shares, notably those of banks. Shares held by Union Bank of Switzerland ended the week at 6,070 Swiss francs, against 6,000, while those of Credit Suisse ended at 3,830 francs, up from 3,800.

Switzerland: Finance companies were mixed. Electrowatt gained 25 francs to 3,675, while Motor Columbus lost 80 to finish at 1,920.

JUMBLE



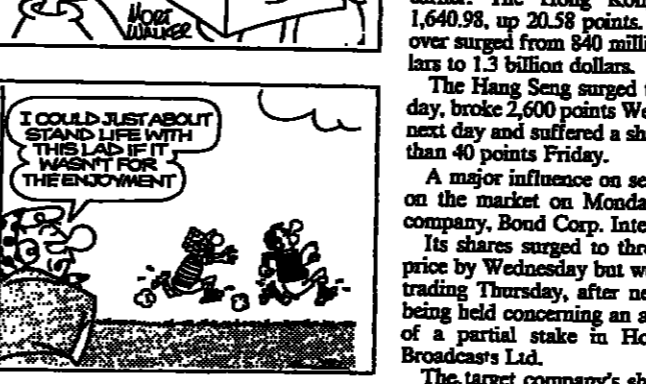
BEEBLE BAILEY



ANDY CAPP



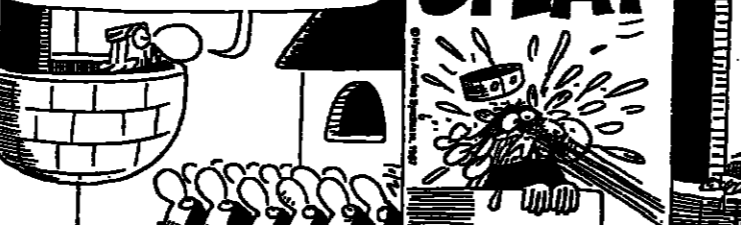
WIZARD OF ID



WEATHER

Table with columns for Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania, listing high and low temperatures for various cities.

SPLAT



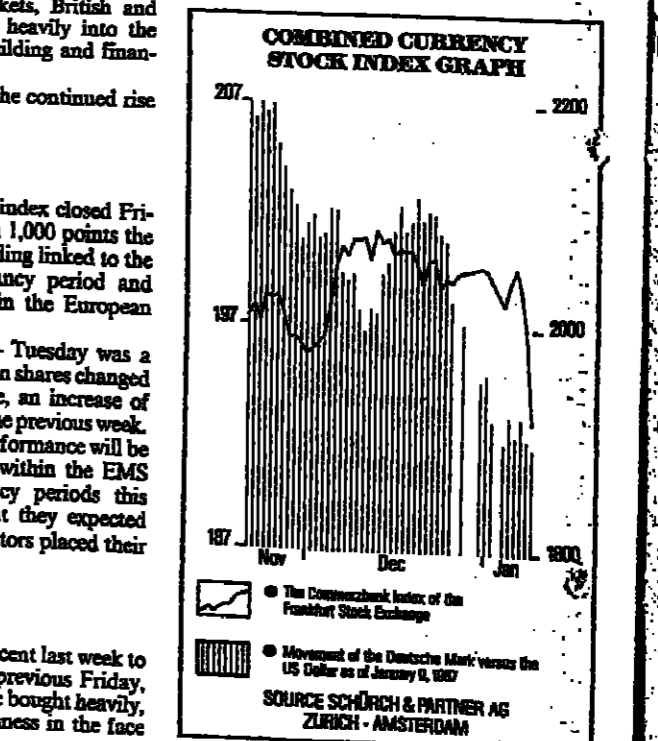
REX MORGAN



GARFIELD



MORNING FORECAST: CHAMBERLAIN, SOUTH, FRANCIS, FORT, TERRY, ...



LANGUAGE

The Upswing of the English Romantics

By Herbert Mitgang
NEW YORK—In the literary marketplace, the stock of the Romantic poets is on the rise.



Interest in the English Romantic poets is on the rise: From left: Keats, the Shelleys —Mary and Percy — and Byron are among the Romantics enjoying new popularity.

Professor Carl Woodring of Columbia University, author of "Politics in English Romantic Poetry," attributes the steady interest in the Romantics to the fact that they were emotional poets and skeptics who posed intellectual questions.

"They were certainly involved in politics," Woodring said. "We need a context in which to read the work of Keats and Shelley as well as the work of Byron and Shelley as a sort of anarchist. One book on his politics, by Paul Foot, a British writer, is called 'Red Shelley.'"

"The Poems of John Keats," added a partisan note: "Keats was the shortest of the poets — 5-foot-one-half-inch-tall — but he was head and shoulders above his contemporaries. He is the one college student most relate to because of his character. He started out as an ordinary person and became a superb lyricist and a genius."

"The long self-distancing runners of today find their patron in the prophet Isaiah, who coined a memorable phrase in quoting the non-kosher increase-burners who distanced themselves from him: 'Stand by thyself, come not near to me; for I am holier than thou.'"

Keep Your Distance From Distancing

By William Crawford
WASHINGTON—Don't draw me; I'm distancing myself from the hottest cliché in Scandalville.
"Distancing" is the word of the moment in administration circles," wrote Helen Thomas of United Press International in a column on the role of Secretary of State George Shultz.

"The expression is usually a cold dry in hell metaphor of unlikelihood; in Washington, there are some fairly cold days and heavy snowfalls. On the other hand, if the senator meant to suggest that Washington, or political life, was hellish, then he is not in error, but merely in the wrong line of work."

U.S. Gave And Iraq Intelligence
LATE NEWS
U.S. Promotes Kampuchea
WIDE COCAI

ANNOUNCEMENTS
SUPERBOWL JAN. 23-26, 1987
REAL ESTATE SERVICES
CODE D'AZUR, looking for a second home on investment property...

INTERNATIONAL CLASSIFIED
REAL ESTATE FOR SALE
PARIS & SUBURBS
16th RUE HANDBOURG, 333 sqm. 3rd floor, very beautiful, high floor decorations, 42/27/97 FT

EMPLOYMENT
GENERAL POSITIONS AVAILABLE
US TAX SPECIALISTS
I'm Accounting Firm has openings in its established US tax department...

HOTELS
U.S.A.
TUDOR HOTEL, 304 Rue 42nd St. New York, NY. In fabulous East Side location, 4 blocks from UN. Single from \$30. Breakfast from \$9.00. Upon showing this ad, 20% discount. Tel. 422-2111.

EBEL
The Architects of Time
TÜRLER
UNHREN-JUWELN
ZÜRICH Parisplatz 22 • St. Gallen Nordstr. 41 • Luzern Lindenstr. 20
STEEL AND 18K GOLD, WATER RESISTANT 200 M

INTERNATIONAL BUSINESS MESSAGE CENTER
ATTENTION EXECUTIVES
Your business messages in the international world...

INTERNATIONAL BUSINESS MESSAGE CENTER
BUSINESS OPPORTUNITIES
OFFSHORE COMPANIES
Company formation, U.K. offshore with liability limited, Unlimited Personal USA...

INTERNATIONAL BUSINESS MESSAGE CENTER
WHY RENT SPACE WHEN YOU CAN OWN AN OFFICE?
Place Your Classified Ad Quickly and Easily
INTERNATIONAL HERALD TRIBUNE